Banister Continental Ltd.

Annual Report 1984

"In 1984 electricity was generated from British Columbia's largest power station. We are proud of the vital role we played in completing this massive project."

FOREWORD

Banister Continental Ltd. is a Canadian construction firm specializing in large-scale energy developments, subways, bridges, tunnels, hydroelectric dams, cross-country pipelines, distribution and gathering systems, underground utilities, and marine work. Major projects have been completed in Canada, the United States, and the Middle East.

Banister was founded in 1948 and became a public corporation in 1969. Banister Continental Ltd. shares are listed on the Toronto, Montreal, Alberta, and American Stock Exchanges.

In 1984 the Revelstoke hydro-electric project was completed. Banister's role in this important undertaking is featured in this report.

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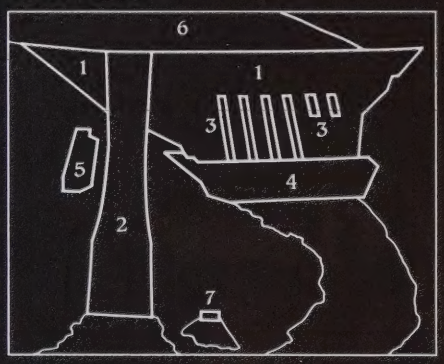


The Revelstoke dam and powerhouse project, completed in 1984, included construction of:

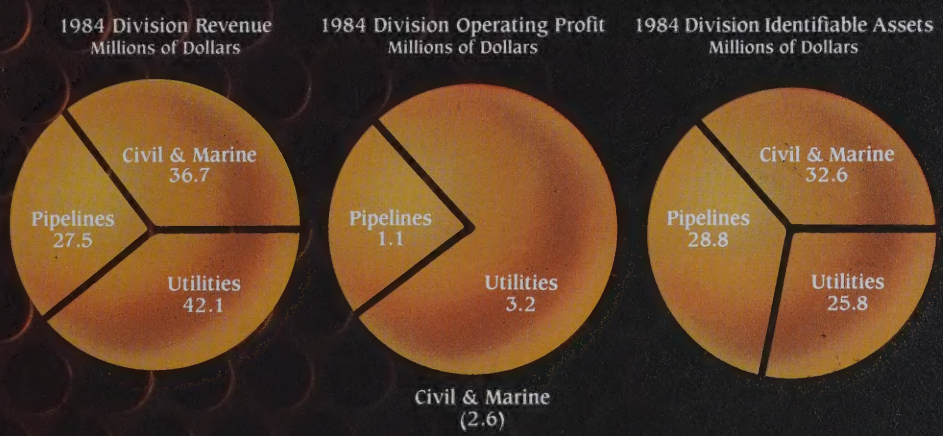
1. Concrete gravity dam
2. Spillway
3. Steel penstocks
4. Six-unit powerhouse
5. Switchgear building
6. Reservoir
7. Diversion tunnel

The Corporation's Form 10-K Annual Report to the Securities and Exchange Commission is available to shareholders, without charge, upon request to the Manager, Corporate Communications, Banister Continental Ltd., P.O. Box 2408, Edmonton, Alberta T5J 2R4.

FINANCIAL REVIEW

	Year Ended December 31, 1984	Nine Months Ended December 31, 1983*
Revenue	$106,233,000	$ 99,945,000
Net income (loss)	$ 239,000	$ (4,183,000)
Earnings (loss) per share:		
Basic	$ .05	$ (.83)
Fully diluted	$ .05	$ (.83)
Common shares outstanding	5,038,023	5,038,023
Cash and short-term deposits	$ 13,192,000	$ 20,959,000
Working capital	$ 7,404,000	$ 6,124,000
Bank and similar indebtedness	$ 20,760,000	$ 22,942,000
Total shareholders' equity	$ 42,195,000	$ 41,956,000
Total assets	$ 87,205,000	$ 90,682,000
Total backlog	$ 52,400,000	$ 44,800,000

** In 1983 the Corporation's fiscal year-end was changed from March 31 to December 31. This resulted in a nine-month fiscal period beginning April 1, 1983 and ending December 31, 1983.*



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TO OUR SHAREHOLDERS:

R.K. Banister (right), chairman and chief executive officer, and W.M. Bateman (left), president and chief operating officer.

Throughout 1984 the construction industry in Canada operated below capacity. Many weaker contractors failed and competition remained fierce for available projects. In this difficult environment it was imperative for management to reduce profit margins on tenders and execute projects assiduously. Under the circumstances we are pleased to report an after-tax profit of $239,000 on revenues of $106,233,000. This volume is well below our capacity.

The strength of our balance sheet is an achievement, as two major construction claims remain outstanding at year-end. Shareholders will recall our jury award of U.S. $12,800,000 in February, 1983 relating to a pipeline constructed in Oregon in 1981. The Court of Appeals of the State of Oregon tried the case on May 4, 1984. Management remains optimistic that the original jury award will be affirmed, thus bringing the matter to a successful resolution this year. Our accounting policy is conservative and none of the funds from the award have been included in our financial statements, whereas all costs have been previously recorded and paid.

Shareholders will also recall that we submitted a claim, in early 1984, to British Columbia Hydro in excess of $112,000,000. This related to the recently completed Revelstoke hydroelectric dam and powerhouse on the Columbia River.

Both parties have agreed to a nonbinding mediation process that is currently under way and scheduled to be completed by August 30, 1985. The Banister Construction Group is proud to have completed this massive energy development. Our eight-year involvement with this project is featured in this report.

Banister Continental Ltd. operates three wholly owned divisions, Cliffside Pipelayers, Pitts Engineering Construction, and Banister Pipelines.

Cliffside Pipelayers remains the Corporation's most consistent financial performer and recorded another solid year in 1984. Their management is to be congratulated.

Pitts Engineering Construction had an improved year and continued to operate across Canada. The recent addition of Mr. John Loewen as president should strengthen this division. Mr. Loewen brings to the Corporation more than twenty years of heavy construction experience. Fortunately there are major projects available for tender in 1985 in which we have a strategic advantage. We believe our civil and marine division is capable of generating profits in the future.

Banister Pipelines successfully completed two projects during the year and continued to operate on a profitable basis. This division is actively bidding on overseas work on a joint venture basis. Carefully selected foreign activity should mitigate the cyclical downturn in the domestic market expected to continue this year.

Banister Continental Ltd. provides common corporate services to these divisions. Concurrently we encourage the operating autonomy of each unit. Financial and non-financial rewards promote the entrepreneurial spirit at the individual, project, and divisional levels.

During the year our engineering, accounting, and equipment departments continued to expand their use of computer technology. This will keep us in the forefront of our industry. While we continue to embrace technological advancement, we acknowledge the worth of common sense and experience in our basic approach to business. We continue to dispose of surplus assets and adapt to the changing business conditions.

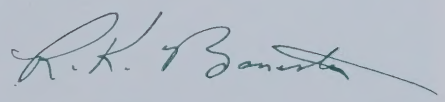
Banister Continental Ltd. is one of the few Canadian headquartered and controlled, multidisciplined contractors operating throughout the nation. On small to medium-sized projects (under $10 million) the Corporation typically faces stiff local and regional competition. However, on larger projects our competition primarily originates from foreign-controlled multinational contractors. Management takes pride in our Canadian content.

The Corporation owns twenty percent of Bantrel Group Engineers Ltd. This newly formed company has successfully obtained engineering work in the onshore and offshore petroleum sector. Through our investment in Bantrel, we have the opportunity to participate in turnkey (EPC) engineering, procurement, construction activities.

We are encouraged by the 1984 election of a new federal government. The Conservative government is attempting to provide Canada with public policy needed to foster sustained economic growth. Resource development and engineering construction are inseparably linked to each other and to the future progress of the nation. We believe an environment will be created in which the importance of resource development is recognized. This in turn will have a positive impact on our industry and the nation as a whole. Banister will show leadership in responding to government initiatives.

Operating from coast to coast, Banister Continental Ltd. is one of Canada's most competent contractors. We never lose sight of the fact that we must remain competitive and provide safe, reliable, on-time, on-budget performance to our clients. Our organization has never been stronger and we believe this will be reflected in improved financial performance in 1985.

Respectfully submitted on behalf of the Board,



R.K. BANISTER
Chairman and Chief Executive Officer

W.M. BATEMAN
President and Chief Operating Officer

March 4, 1985

Cliffside's diversified operations help to stabilize revenues and consolidate its leading position in the underground utilities market. Cliffside begins 1985 at a high level of activity and good volumes of utility construction work are expected to be available for tender during the remainder of the year.

Welding 324 mm (12-inch) oil line.

Installing streetlights in Toronto.

Cliffside crew installing oil lines in Oakville, Ontario.

◀ *E.R. (Dick) Austin, group vice president, utilities, and president of Cliffside Pipelayers.*

Cliffside Pipelayers installs underground utilities of all types throughout Ontario, with the largest volume of work performed in the Metropolitan Toronto area. Established in 1957, Cliffside is Ontario's largest underground utility contractor.

During 1984, Cliffside installed gas and oil distribution systems, joint use utilities (telephone, electric, and cable television lines), water mains, storm drains, and sewers for a number of private and public utility companies.

Although inclement weather hampered operations during the first five months of 1984, Cliffside enjoyed favourable conditions throughout the remainder of the year. Exceptionally high volumes of work during the latter half of 1984 enabled Cliffside to achieve record revenues and earnings.

Cliffside continues its long-term program to strengthen its operating units. During 1984, the Bell and Hydro division achieved a $5 million increase in revenues, much of it from private joint-use contracts in Toronto. Cliffside's diversified operations help to stabilize revenues and consolidate its leading position in the underground utilities market.

Installation of natural gas line near Whitby, Ontario.

◀ *Trenching machine designed and built by Cliffside.*

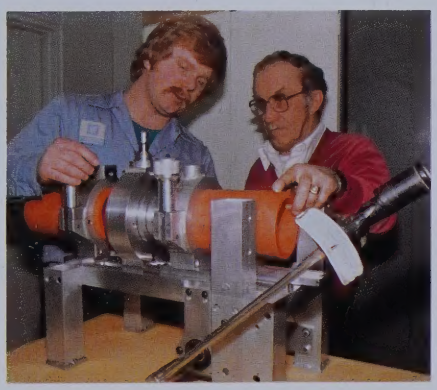
Welder at work on 324 mm (12-inch) natural gas pipeline. ▶

Cliffside acquired an additional site of .6 hectare (1.5 acres) during the year in the Mississauga-Peel region. This new yard provides a service base for two major clients in that area.

Cliffside's manufacturing division also expanded in 1984 to a new leased location. This division designs and manufactures custom field tools used in underground utilities installation. Its products are used by Cliffside crews and marketed nationally under the name Footage Tools.

The new location includes 800 square metres (8,500 square feet) of shop space on a .6 hectare (1.5 acre) site. Footage Tools anticipates more efficient operations and increased activity in this larger facility.

Cliffside continues to monitor equipment repair and administrative expenses and limit capital expenditures. Cliffside begins 1985 at a high level of activity and good volumes of utility construction work are expected to be available for tender during the remainder of the year.



Footage Tools employees Cliff and Larry Thompson (father and son) discuss design of butt fusion machine.

Eric Roell operates numerically controlled milling machine at Footage Tools' new facility.

In 1984 the Revelstoke dam and powerhouse project was completed, bringing to a close the largest contract awarded to Pitts in its 43 years of operation. In addition to pursuing construction opportunities wherever they arise in Canada, Pitts is investigating overseas markets on a selective basis.

Industrial safety attendant Shelley Emery at Rogers Pass project.

Norman Throop, driver with Pitts for 39 years.

J.J.F. (John) Loewen, group vice president, civil construction, and president of Pitts Engineering Construction.

Pitts Engineering Construction specializes in large-scale energy developments, bridges, hydroelectric dams, subways, tunnels, dredging, and marine construction. Pitts has been in business since 1942 and has completed major projects across Canada.

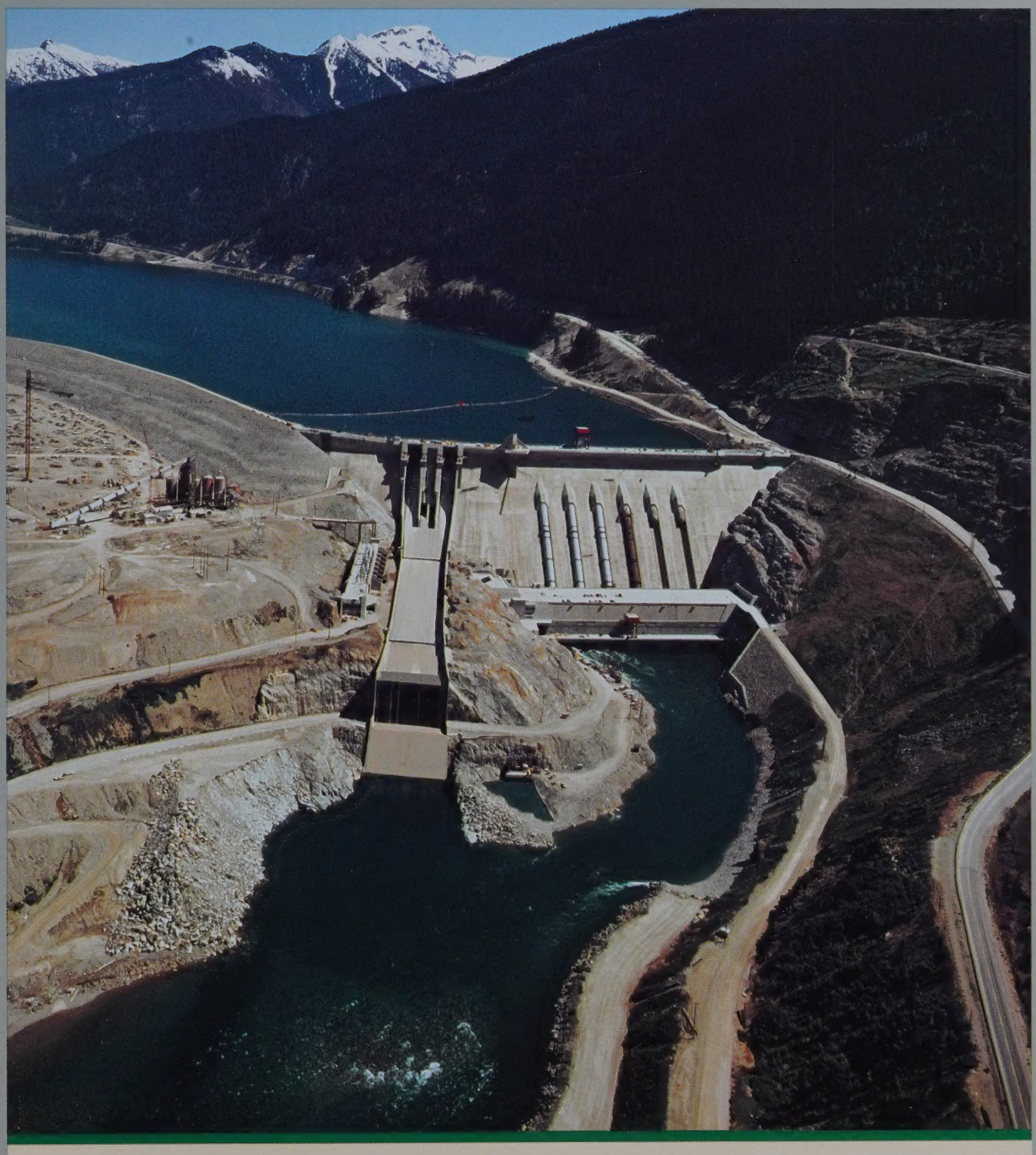
In 1984 the Revelstoke dam and powerhouse project was completed, bringing to a close the largest contract awarded to Pitts in its 43 years of operation. This important project is described in a feature section in this report.

Construction of concrete pier for the Stoney Creek railway bridge in Rogers Pass, British Columbia.

Super Power

ON THE COLUMBIA RIVER

NEAR REVELSTOKE, BRITISH COLUMBIA



In 1984 an important energy development was completed in Canada. The Revelstoke dam and powerhouse on the Columbia River is British Columbia's newest and largest hydroelectric facility. With a potential generating capacity of 2,760 megawatts, the Revelstoke project could alone supply the energy requirements of a city of two million people on a cold winter day.

Mobilization under way early in 1980.

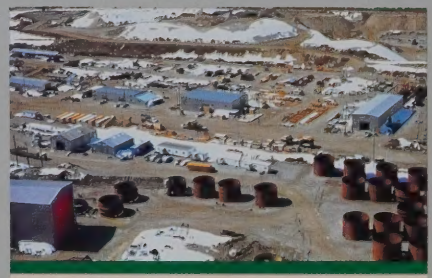
Little Dalles Canyon on the Columbia River, 1979.

Completion of the main dam and powerhouse at Revelstoke was a major engineering construction achievement. The project was carried out by Dalcan Constructors, a consortium of four Canadian construction firms. As sponsor and 50% partner in the consortium, Pitts Engineering Construction, a division of Banister Continental Ltd. of Edmonton, took the leading role. Other members of Dalcan were Atlas-Gest Inc. of Montreal (20%), Genstar Construction Ltd. of Calgary (15%), and Janin Construction Ltd. of Montreal (15%).

Dalcan Constructors was formed in 1979 and named for the project's location – Little Dalles Canyon, five kilometres north of the City of Revelstoke. A $283 million contract for a concrete gravity dam and six-unit powerhouse was awarded to the consortium by British Columbia Hydro and Power Authority on June 25, 1979. Construction of a diversion tunnel, cofferdam, and earthfill dam was in progress or already completed in preparation for the major project.

Two members of Dalcan Constructors had completed a $53 million contract for an important portion of this preliminary work. A Pitts-Atlas joint venture constructed a diversion tunnel 550 metres long and 13 metres in diameter to divert the Columbia River around the site of the future dam and powerhouse. The tunnel and an access road to the site were completed in 1978.

Steel cable 9 cm in diameter for cableway system.



Shops, warehouses & equipment yard at project site.

Concrete-lined diversion tunnel, completed in 1978.

Construction Challenge

An Army of People and Equipment

The main dam is 175 m high, 470 m long, and 126 m thick at its base. The tremendous size of this project demanded an army of people and equipment to carry out the work.

At the peak of construction during the summers of 1981 and 1982, operations continued around the clock and over 1,500 craftsmen and supervisory personnel were on site. In total, more than 6,000 man-years of work were required to complete the dam and powerhouse.

The project was also a challenge in terms of technology and engineering expertise. More than 2.3 million cubic metres of concrete were required for the dam and powerhouse. Production and placement of this vast amount of concrete were achieved using innovative methods and state-of-the-art equipment.

Wall of spillway chute under construction

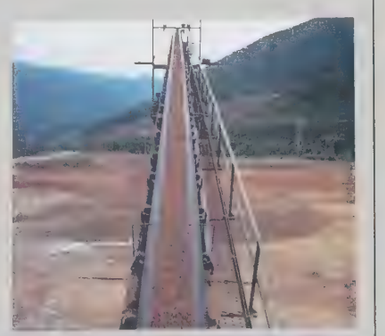
Five Million Tonnes of Aggregate

Approximately five million tonnes of gravel and sand were needed to produce the concrete. Raw material for aggregate production was found downstream from the damsite. An aggregate plant was set up during the first stages of construction and soon huge stockpiles of gravel and sand rose within a maze of conveyor belts. Raw aggregates were crushed, screened, washed, and graded into five sizes at a rate of 12,000 tonnes per day.

Powerhouse construction

Three-Kilometre Conveyor

An overland conveyor belt more than three kilometres long was used to move aggregates from the aggregate plant to the damsite. An adaptation of a method commonly used in mines, the conveyor was the most efficient and economical means of transporting this large quantity of material. It was equipped with electronic devices to detect malfunctions and could be operated by one person. Nearly 9,000 tonnes of aggregate were moved in an eight-hour day at a speed of eleven kilometres per hour.



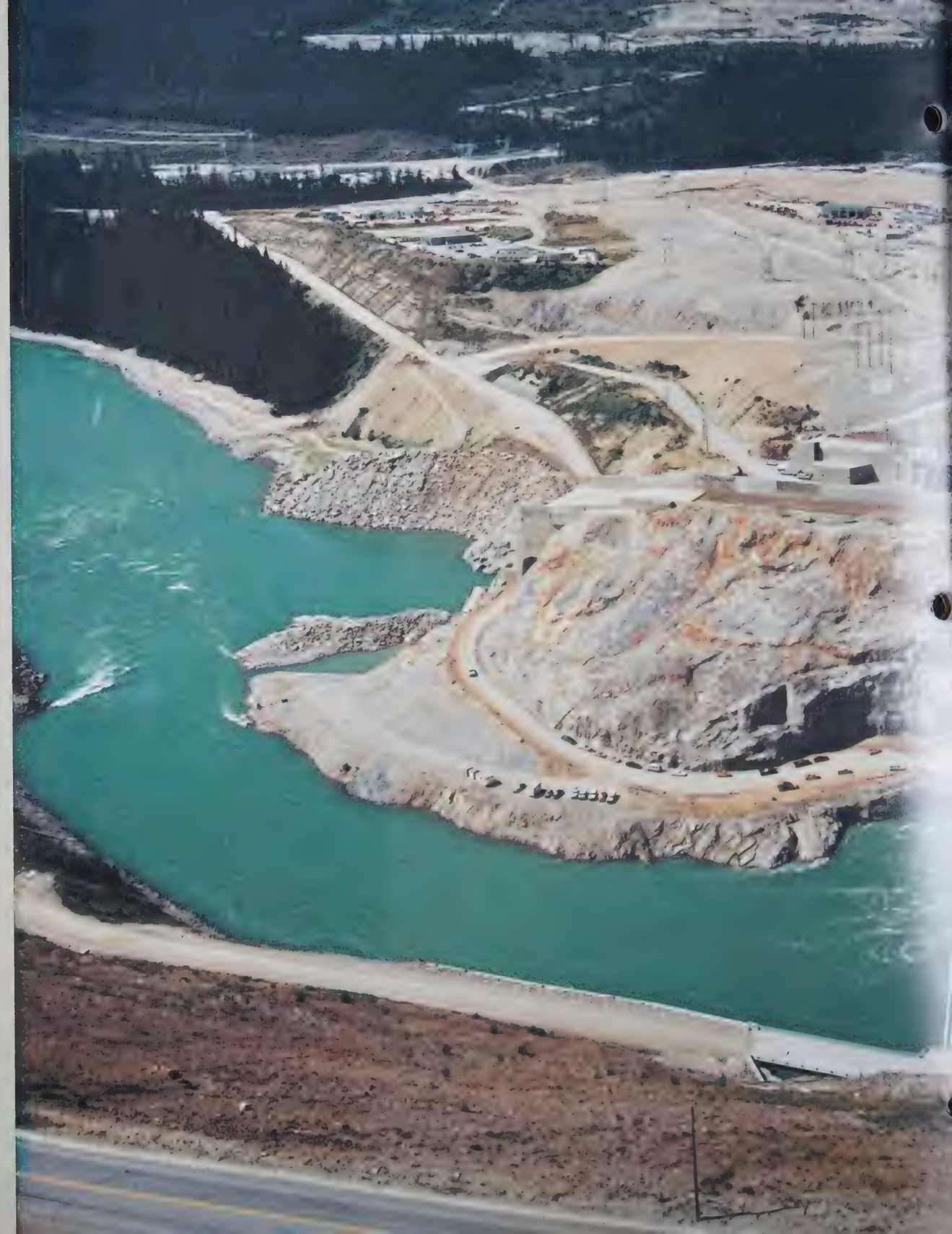
Above: conveyor stockpiling aggregate.
Below: overland conveyor

Aggregate production

Truck driver

September, 1980

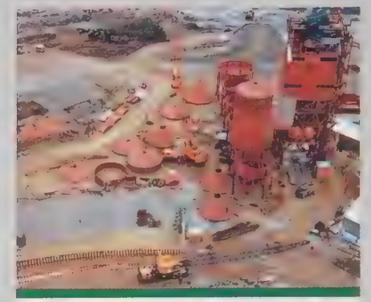
July, 1981



Construction Challenge

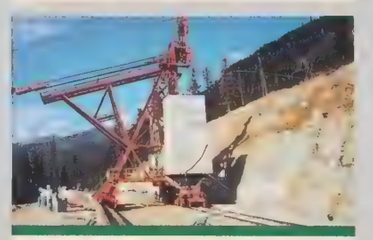
Two Batch Plants

At the damsite, aggregates were mixed with cement, flyash, and water in two batch plants to produce concrete. The larger of the two plants supplied mass concrete for the dam at a rate of 370 cubic metres per hour. The smaller plant supplied concrete for construction of the powerhouse and spillway. Total daily production of the two batch plants would have filled 1,200 typical concrete trucks.



Batch plant silos being assembled

Carriage on overhead cableway



Tail tower for cableway system

Head tower supporting cableway on west bank

High-Speed Cableway

In order to place concrete for the dam as quickly and efficiently as possible, a high-speed cableway system was used. It consisted of two 900 m steel cables supported by a head tower on the west bank of the river and two tail towers on the opposite side of the canyon. The tail towers were mounted on a track and could be moved to vary the alignment of the cables. In this way all areas of the dam could be reached by the cableway.

Two six-cubic-metre buckets suspended from the cableway were used to carry concrete to the dam on an alternating basis. These buckets, each weighing 20 tonnes when loaded, moved along the cableway at speeds of up to 40 km per hour and could be raised and lowered at an average speed of 20 km per hour. Although pour sites were as much as a kilometre from the point at which they were loaded, the buckets could make a round trip in two to three minutes each.

Concrete bucket unloading

As much as 6,900 cubic metres of concrete were placed in a single day by the cableway, which is among the fastest in the world. The smaller quantity of concrete needed for the powerhouse was placed by three Whirley cranes equipped with 45 m booms and three-cubic-metre buckets. Placement rates of up to 750 cubic metres per day were achieved by the cranes.

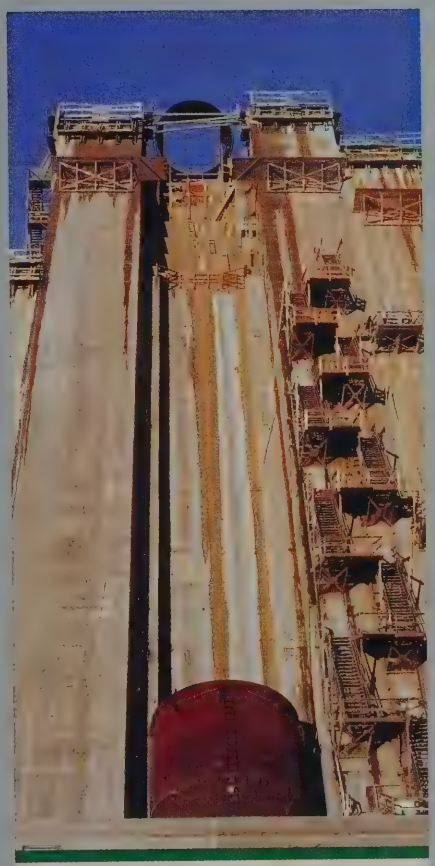
Powerhouse units under construction

June, 1982.

November, 1983

Reservoir behind dam and water intake structures.

Installing spillway bulkhead gate.



Steel penstock partially assembled.

Concrete Gravity Dam

The main dam is a gravity dam: the force of water is held back by the weight of concrete. It is composed of twenty-three sections, called gravity blocks, separated by contraction joints. These joints absorb movement caused by contraction and expansion of the concrete under changing temperatures. Flexible seals called waterstops make the joints watertight.

Construction of spillway.

Power Production

Late in 1983, closure of the diversion tunnel created a reservoir stretching 130 km north up the canyon of the Columbia to the Mica Dam. The reservoir covers approximately 10,000 hectares and is 130 m deep behind the dam. The Revelstoke facility is a "run-of-river" plant: normal water flow is maintained and the level of the reservoir remains constant.

Water entering the intakes moves down the face of the dam through steel penstocks 8 m in diameter and into the powerhouse units. Four units, each generating 460 megawatts, are currently in operation, with provision for two additional units in future. A 300 m spillway chute handles overflow from the reservoir.

Section of penstock being lowered into position.

500,000 Volts

Power produced by the turbines and generators is converted from 16,000 to 500,000 volts by transformers in the powerhouse. The powerhouse is connected by means of switchgear equipment to B.C. Hydro's transmission system. Power for the City of Revelstoke is supplied through a 230,000 volt transmission line.

Scroll case and turbine in powerhouse unit.

A Valuable Resource

The Revelstoke project is a reliable, economical, and environmentally safe source of electrical power for the Province of British Columbia. With a current output of 1,840 megawatts and expansion potential to 2,760 megawatts, it will meet a large portion of the province's energy needs both now and in the future.

Pitts Engineering Construction takes pride in its role as sponsor of this important project. During nearly eight years of construction, many challenges were faced and many problems overcome. Completion of this project affirms the commitment of all members of the Banister Construction Group to the development of Canada's natural resources.

Dam construction, summer, 1982.

Installing insulation on dam.

Cableway moving equipment.

Project Facts

Concrete Dam

Height:	175 metres (575 feet)
Length at crest:	470 metres (1,550 feet)
Width at base:	126 metres (413 feet)
Width at crest:	9 metres (30 feet)

Powerhouse

Height:	60 metres (197 feet)
Length:	213 metres (697 feet)
Width:	50 metres (164 feet)
Generators	
– capacity:	460 megawatts each
– speed:	112.5 revolutions per minute

Spillway Chute

Length:	309 metres (1,015 feet)
Width:	37-46 metres (120-150 feet)
Capacity:	6,900 cubic metres per second (244,000 cubic feet per second)

Reservoir

Length:	130 kilometres (80 miles)
Area:	10,125 hectares (25,000 acres)
Depth at dam:	130 metres (427 feet)

Diversion Tunnel

Length:	550 metres (1,800 feet)
Diameter:	13 metres (43 feet)
Capacity:	2,400 cubic metres per second (85,000 cubic feet per second)

Metric Conversion Guide

Length

1 centimetre (cm)	=	.3937 inch (in)
1 metre (m)	=	3.2808 feet (ft)
1 metre	=	1.0936 yards (yd)
1 kilometre (km)	=	.6214 mile (mi)

Area

1 square metre (sq m)	=	1.196 square yards (sq yd)
1 hectare (ha)	=	2.4711 acres

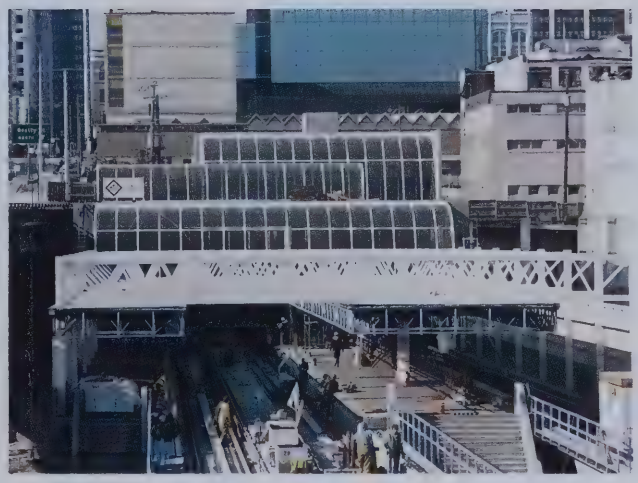
Volume

1 cubic metre (cu m)	=	1.308 cubic yards (cu yd)
1 cubic metre	=	35.316 cubic feet (cu ft)

Weight

1 tonne	=	1.1023 tons

A $13.5 million contract for part of Vancouver's ALRT (advanced light rapid transit) system was substantially complete by the end of 1984. Pitts was awarded this contract in mid-1983 by B.C. Transit and Metro Canada Limited. Work included twin tunnels involving both boring and cut-and-cover construction, modifications to an existing railway tunnel, a section of elevated guideway, and a transit station near B.C. Place Stadium. Final completion of finishing work is scheduled for May, 1985.



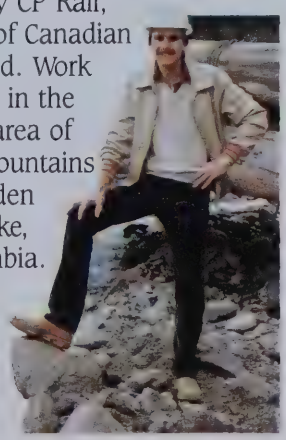
Transit station nears completion at B.C. Place Stadium – part of Vancouver's new advanced light rapid transit system.

The Hunt Club Bridge in Ottawa, Ontario is another major project substantially complete at year-end. This $8.3 million contract was awarded in November, 1983 by the Regional Municipality of Ottawa-Carleton. The bridge is a twin 230-metre (755-foot) concrete and steel structure carrying six lanes of traffic over the Rideau River and Canal near Ottawa International Airport. Final completion, expected in June, 1985, will be a full year ahead of schedule. A utilities tunnel beneath the Rideau Canal linking the Chateau Laurier Hotel with Parliament Hill was also completed in Ottawa during 1984 for Public Works Canada.

Pouring concrete during construction of a six-lane bridge over the Rideau River near Ottawa International Airport.

In September, 1984 a new contract was awarded by the Regional Municipality of Ottawa-Carleton. Pitts is at work on an $8.5 million transitway project involving earth and rock excavation and a two-level subgrade transit structure in Ottawa. Subsequent to year-end, this project was extended by the award of $5.4 million in additional work to complete the St. Laurent Station and associated roadworks. Both contracts are scheduled for completion in 1985.

Another major contract was awarded to Pitts in 1984 as part of a rail upgrading program being carried out by CP Rail, a subsidiary of Canadian Pacific Limited. Work began in July in the Rogers Pass area of the Selkirk Mountains between Golden and Revelstoke, British Columbia. Pitts will construct a 1,230 m (4,035-foot) concrete and steel viaduct on the mountainside above the Beaver River, a seven-span high-level bridge over Stoney Creek, the east portal of the Shaughnessy Tunnel, and a grading section between the structures. A good start was made on the project in 1984; completion is scheduled for mid-1987.



Piers under construction for high-level railway bridge over Stoney Creek in Rogers Pass, B.C.

Peter Bradley, project engineer at Rogers Pass.

Bulk materials wharf constructed by Pitts at Morrisburg, Ontario. First ship to use the new wharf unloads a cargo of salt.

Marine projects completed during 1984 included a breakwater in Toronto Harbour for Harbourfront Corporation, a bulk materials wharf at Morrisburg, Ontario for Universal Terminals, a piling and decking contract at False Creek in Vancouver for Expo '86 Corporation, and dredging at various locations in Ontario, Nova Scotia, and Newfoundland for Public Works Canada.

In November Pitts was awarded a contract by the St. Lawrence Seaway Authority for stabilization and repair of the sixty-year-old concrete walls of the Welland Canal at Port Colborne, Ontario. The contract was extended subsequent to year-end, with work to be completed in mid-1985.

During 1984 Pitts continued to face intense competition for a limited volume of available work. In addition to pursuing construction opportunities wherever they arise in Canada, Pitts is investigating overseas markets on a selective basis. Of particular interest are construction projects in foreign countries for which financing is available from the Canadian government. Pitts will continue to communicate with federal government agencies during the coming year to identify suitable projects for tender.

The civil and marine division has consolidated its operations, reduced overhead costs, and disposed of surplus assets during the past two years. It is well-positioned to take advantage of the gradual upswing in the engineering construction sector anticipated in 1985.

Piling and decking work carried out in Vancouver, B.C. at the False Creek site for Expo '86.

Although pipeline construction activity fell to an historic low in 1984, Banister Pipelines succeeded in obtaining two projects. Banister Pipelines' operations were profitable in 1984; however, the division's resources remain underutilized. Banister remains committed to providing top-quality service in the pipeline construction industry.

Jeff Miller, project superintendent with Banister Pipelines.

406 mm (16-inch) pipe stockpiled for Quebec project.

◀ *R.F.C. (Bob) Marriott, group vice president, pipelines, and president of Banister Pipelines.*

Hydraulic drills enabled Banister Pipelines to overcome rocky terrain during construction of a pipeline in northern Quebec.

The Corporation's pipeline construction operations are carried out by Banister Pipelines. Specializing in large-diameter pipelines, Banister also constructs distribution and gathering systems, installs pipeline river crossings, and tests and upgrades existing pipelines.

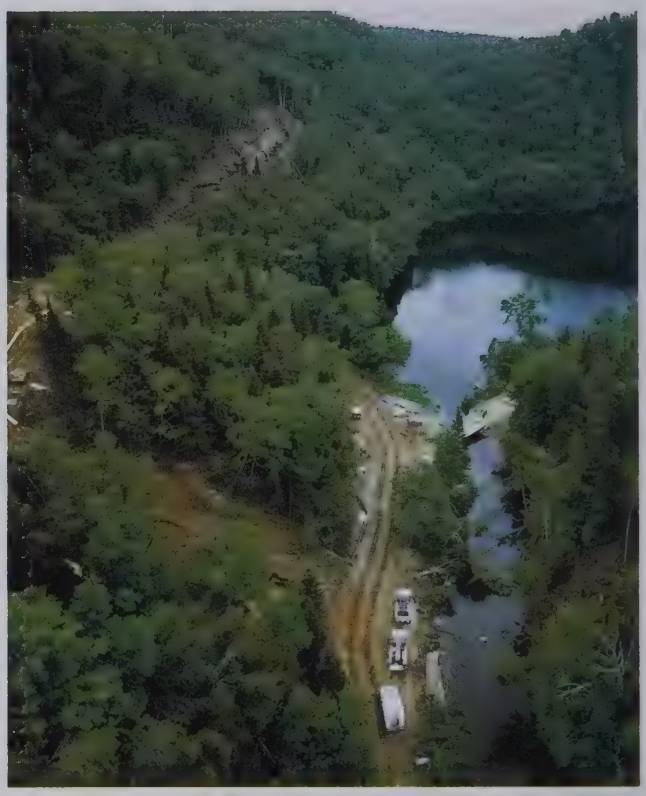
Since the Corporation was founded in 1948, Banister Pipelines has built more than 45,000 kilometres (28,000 miles) of cross-country pipeline, as well as thousands of kilometres of small-diameter gathering and distribution systems. Pipelines have been completed in Canada, the United States, and the Middle East.

Although pipeline construction activity fell to an historic low in 1984, Banister Pipelines succeeded in obtaining two projects. In joint venture with Antagon Quebec Ltee. of Montreal, Banister constructed

approximately 100 km (63 miles) of 406 mm (16-inch) natural gas pipeline in the Lac St. John region of northern Quebec for Gaz Inter-Cite. In spite of rocky terrain and wet ground conditions, work was successfully completed early in October.

Banister Pipelines built 100 km (63 miles) of natural gas pipeline in the Lac St. John region of Quebec in 1984.

The Mackenzie River is 1.2 km wide near Fort Simpson, Northwest Territories, where Banister installed an oil pipeline crossing during 1984.



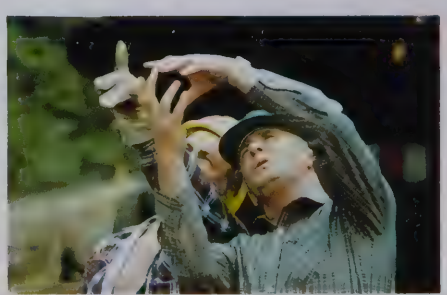
A second important contract was carried out near Fort Simpson, Northwest Territories. A 324 mm (12-inch) pipeline crossing of the Mackenzie River was completed in August, 1984 for Interprovincial Pipe Line (NW) Ltd. The 1,200 m (three-quarter-mile) crossing is an important link in an 870 km (540 mile) oil pipeline between Norman Wells, NWT, and Zama Lake, Alberta.

Excavating ditch during pipeline construction in Quebec.

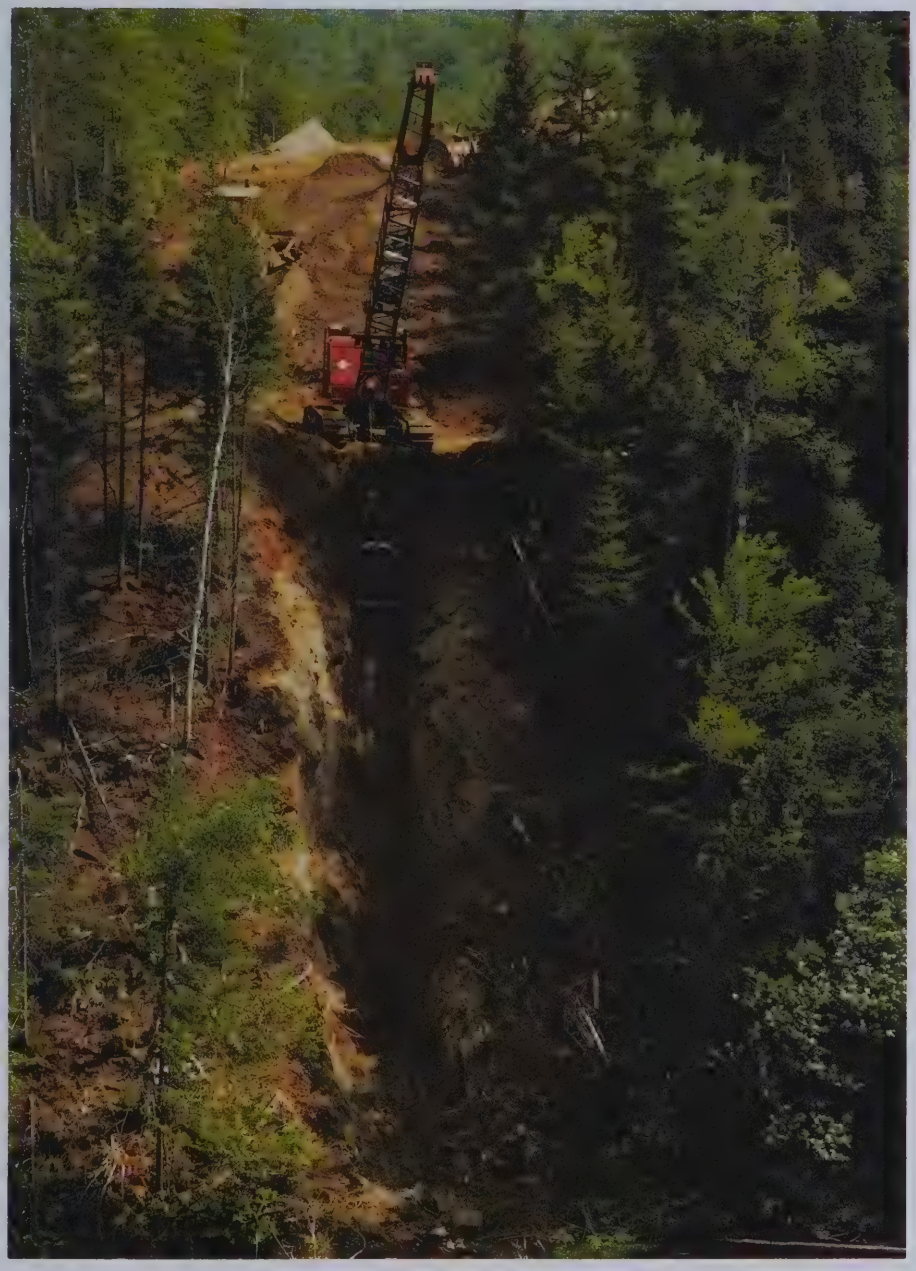
The Corporation first entered the U.S. pipeline construction market in 1966 and since then has worked in conditions ranging from Louisiana swampland to Alaskan permafrost. In 1975 operations began in the Middle East and several major projects have been completed in Iraq. For the past four years the Corporation has operated in Canada, while continuing to explore opportunities for international pipeline construction.

406 mm (16-inch) pipe passes through bending machine on Quebec project.

Banister Pipelines' operations were profitable in 1984; however, the division's resources remain underutilized. The depressed state of the oil and gas industry continues to inhibit pipeline construction in Canada. Although the number of projects available for tender in 1984 was unchanged from 1983, dollar volume was substantially reduced. This trend is expected to continue in 1985, with few major projects forecast for the year.



Graphic conversation.



Hand signal directs crane operator.

Dragline prepares ditch for a pipeline crossing of a small river in northern Quebec.

Foam breakers installed in trench check water erosion and protect pipe.

In 1980-81 the Corporation's U.S. pipeline division built 177 km (110 miles) of natural gas pipeline in Oregon for Northwest Pipeline Corporation. When negotiations failed to resolve Banister's claims for reimbursement of extra costs incurred due to changed conditions, Banister filed suit against Northwest Pipeline Corporation.

On February 13, 1983, a jury awarded Banister U.S. $12.8 million following a three-month trial. Northwest Pipeline Corporation subsequently appealed the verdict and the argument on appeal was heard May 4, 1984. To date a decision on the appeal has not been made by the Court. Although Banister is confident the original verdict will be upheld, no recovery will be recorded in the Corporation's financial statements until the award is received or a settlement reached.

The Corporation's pipeline division continues to investigate opportunities outside of Canada on a selective basis. During 1984 a tender was submitted on a project in Saudi Arabia by a joint venture of Banister Pipelines and two other international pipeline contractors. Banister will continue to pursue work in other countries through joint ventures in 1985.

Banister remains committed to providing top-quality service in the pipeline construction industry. The division's equipment fleet is recognized as among the best in Canada – and in North America. Banister Pipelines' equipment, personnel, and experience will enable the division to make the best of current conditions.

BANTREL GROUP ENGINEERS LTD.

Computer-aided drafting and design techniques are an integral part of Bantrel's engineering design services.

Bantrel Group was formed in 1983 to pursue EPC (engineering, procurement, construction) work in the petroleum sector in Canada. Bantrel's members are Bechtel Canada Limited (40%), Banister Continental Ltd. (20%), Trimac Limited (20%), Bond Architects and Engineers Limited (10%), and Scotia Energy Services Limited (10%).

Headquartered in Calgary, Bantrel can draw upon the resources and proprietary skills of its member companies. Areas of interest include offshore and Arctic production facilities, heavy oil upgraders, and tar sands plants.

During 1984 Bantrel carried out studies for several major oil companies. These included a study for Husky Oil Ltd. relating to a heavy oil upgrading facility at Lloydminster, Alberta. Subsequent to year-end, Bantrel was awarded an engineering contract for the upgrading plant's hydrotreaters. The contract will involve about 300,000 hours of work to be carried out in 1985-1986.

Bantrel has identified more than thirty projects available for tender in 1985 and looks forward to a year of increased activity.

OUTLOOK

Pitts Engineering Construction and Bantrel Group Engineers Ltd. anticipate more jobs will be available for tender, which will be reflected in improved operating results, in 1985.

It will be difficult for Cliffside Pipelayers to surpass last year's record performance. However, the management of Cliffside remains innovative and a general uplift in Ontario's economy will have a positive effect on their operations. Cliffside is a consistent performer expected to record a solid year in 1985.

Banister Pipelines is bidding on international work to offset a soft year in Canada. Banister remains a leader in the industry and capable of responding to unexpected opportunities as they arise.

The importance of successfully resolving our pipeline claim in Oregon and our dam and powerhouse claim in British Columbia cannot be overstated. Collecting either one or both claims will effectively recapitalize the Corporation. This will make Banister one of the financially strongest construction companies in Canada.

In summary, management believes 1985 will be a better year for the Corporation. Banister is ready to respond to the significant engineering construction challenges which lie ahead in the 1980's.

Results of Operations

As a result of changing the fiscal year end from March 31 to December 31 effective in 1983, the operating results for the nine months ended December 31, 1983 are not necessarily comparable with the results for the years ended December 31, 1984 and March 31, 1983. Comparative financial results for the years ended December 31, 1984, 1983 and 1982 are referred to in the Corporation's summary of significant accounting policies.

Construction and service revenue decreased to $104.4 million and $97.5 million for the year ended December 31, 1984 and the nine months ended December 31, 1983 respectively from $255.7 million for the year ended March 31, 1983. This decrease in revenue resulted from fewer projects coming to tender as a result of the low rate of activity in the pipeline and civil construction industry in Canada and other parts of the world. Construction and service revenue for the year ended December 31, 1984 was marginally higher than for the nine months ended December 31, 1983 because of the longer fiscal period partially offset by lower civil engineering construction revenue from the Revelstoke Dam project. At December 31, 1984, the backlog of construction work has increased marginally to $52.4 million from $44.8 million at December 31, 1983; however, this level of backlog is lower than the $85.6 million at March 31, 1983.

In conjunction with the decline in construction revenue, operating expense has decreased to $92.8 million and $98.7 million for the year ended December 31, 1984 and the nine months ended December 31, 1983 respectively, from $234.4 million for the year ended March 31, 1983. Operating expenses relative to construction and service revenue for 1984 are proportionally less than the two previous fiscal periods because the latter two periods included operating costs in excess of revenue from the Revelstoke Dam project. Reference is made to Note 13(a) to the Corporation's Consolidated Financial Statements for a description of the contingencies related to the Revelstoke Dam Project.

Other income decreased to $1.9 million for the year ended December 31, 1984 compared to $2.4 million for nine months ended December 31, 1983 primarily due to a reduction in gains on disposal of fixed assets partially offset by increased interest income. Other income of $3.2 million for the year ended March 31, 1983 included a refund of pension plan surplus of $1.8 million. Reference is made to Note 10 to the Corporation's Consolidated Financial Statements for a description of the components of other income.

Depreciation for the year ended December 31, 1984 increased to $3.5 million compared to $3.0 million for the nine months ended December 31, 1983. This increase is entirely attributable to the additional three months in the fiscal period ending December 31, 1984. Over the three fiscal periods ended December 31, 1984 depreciation has decreased primarily due to the continued disposal of surplus equipment.

Interest expense for the year ended December 31, 1984 is substantially higher than for the nine months ended December 31, 1983 because of the interest bearing advances made to a joint venture in the current fiscal year not present in the prior fiscal period. During the nine months ended December 31, 1983, interest expense was significantly less than for the year ended March 31, 1983 primarily due to reduced short-term borrowings.

Selling, administrative and general expense of $8.4 million for the year ended December 31, 1984 is higher than the $6.7 million for the nine months ended December 31, 1983 entirely due to the additional three months in the fiscal period ending December 31, 1984. Selling, administrative and general expenses for the fiscal periods ended December 31, 1984 and 1983 decreased primarily due to continued reduction of overheads and staff.

The effective income tax rate for the year ended December 31, 1984 was higher than the statutory rate due to losses in the Corporation's U.S. subsidiary for which no tax recovery was provided. For the year ended March 31, 1983 the effective income tax rate was higher than the statutory rate also due to losses in the Corporation's U.S. subsidiary for which no tax recovery was provided and expenses which were not deductible for tax purposes.

Effects of Changing Prices

In 1982, the Canadian Institute of Chartered Accountants (CICA) issued a pronouncement requiring large publicly-held enterprises to provide supplementary disclosure of current cost adjusted financial information to reflect the effects of changing prices. The Corporation has complied with the CICA reporting requirements for changing prices which closely parallel the objectives of the Financial Accounting Standards Board (FASB) Statement No. 33.

Under the CICA requirements, the financial schedules presented below show the asset and income effects of specific changes in prices and of general inflation on the Corporation's fixed assets and net assets.

Specific price changes for the Corporation's property and equipment provide a measure of the current cost of maintaining the Corporation's productive capacity. Since the Corporation's fixed assets experience relatively little technological change, recent appraisals and supplier quotations were used to estimate the current cost of reproducing the Corporation's existing assets. Compared to the Corporation's historical accounts for the year ended December 31, 1984, the provision for depreciation has increased by $0.9 million to $4.3 million by depreciating the current cost values of fixed assets over the useful life assigned to them in the historical accounts and net income was reduced by $0.9 million resulting in a net loss of $0.6 million on a current cost basis. No adjustment is made to the income tax reported in the historical cost financial statements.

The loss attributable to common shareholders on a current cost basis in constant dollars reflects the increase in the current cost of fixed assets held during the period net of the effects of general inflation, and the loss in purchasing power of monetary assets as a result of general inflation. The loss attributable to common shareholders on a current cost basis in constant dollars indicates that the general purchasing power of the common shareholders' equity declined by $0.6 million during the period.

While the information on the effects of changing prices was prepared using valid assumptions, it must be recognized that the CICA recommendations provide for considerable flexibility and that equally valid alternative current cost assumptions could have produced materially different results.

SCHEDULE OF CONSOLIDATED ASSETS ON A CURRENT COST BASIS

As At December 31, 1984

(In Canadian Dollars)

As Reported in the Historical Financial Statements		Current Cost Basis	
1984		1984	1983
$32,326,000	Fixed assets - net	$42,198,000	$46,796,000
$42,195,000	Net assets (common shareholders' equity)	$52,067,000	$53,227,000

The 1983 comparative results have been restated in 1984 average dollars.

SCHEDULE OF CONSOLIDATED INCOME ON A CURRENT COST BASIS

For the Year Ended December 31, 1984 and the Nine Months Ended December 31, 1983

(In Canadian Dollars)

As Reported in the Historical Cost Financial Statements		Current Cost Basis	
1984		1984	1983
	Revenue:		
$104,371,000	Construction and services	$104,371,000	$101,219,000
1,862,000	Other income	1,865,000	1,635,000
106,233,000		106,236,000	102,854,000
	Expenses:		
92,791,000	Operating	92,791,000	102,459,000
3,462,000	Depreciation	4,324,000	3,588,000
914,000	Interest	914,000	103,000
8,356,000	Selling, administrative and general	8,356,000	6,966,000
105,523,000		106,385,000	113,116,000
710,000	Income (loss) before income taxes	(149,000)	(10,262,000)
471,000	Income taxes (recoverable)	471,000	(4,529,000)
$ 239,000	Net income (loss) on a current cost basis	(620,000)	(5,733,000)
	Increase in specific prices of fixed assets held during the period	1,730,000	1,597,000
	Income (loss) attributable to common shareholders on a current cost basis in nominal dollars	1,110,000	(4,136,000)
	Less increase in specific prices of fixed assets attributable to the effects of general inflation	(1,627,000)	(1,545,000)
	Less loss in purchasing power of net monetary assets attributable to the effects of general inflation	(44,000)	(203,000)
	Loss attributable to common shareholders on a current cost basis in constant dollars	$ (561,000)	$ (5,884,000)

The 1983 comparative results have been restated in 1984 average dollars.

Liquidity

Working capital increased $1.3 million during the year ended December 31, 1984 primarily due to profitable operations. A decrease of $1.8 million in working capital, from $7.9 million at March 31, 1983 to $6.1 million at December 31, 1983 resulted from losses provided for on the Revelstoke Dam project, partially offset by profitable operations for the rest of the Corporation. During the year ended March 31, 1983, working capital increased $6.3 million primarily due to the profitable performance of Canadian pipeline operations and the issuance of 1,000,000 common shares for $7.5 million, partially offset by loss provisions taken on the Revelstoke Dam project, the use of working capital for fixed asset additions, and the payment of approximately $3 million in dividends.

Unused lines of credit increased to $17.7 million at December 31, 1984 from $15.8 million at December 31, 1983 primarily due to the reduction in outstanding bank indebtedness during this period.

The Corporation's liquidity could be materially improved by the favorable settlement of claims referred to in Notes 13(a) and (b) to the Corporation's Consolidated Financial Statements.

In an effort to conserve working capital the Corporation did not make dividend payments in the fiscal periods ended December 31, 1984 and 1983 and is continuing to dispose of surplus equipment and reduce its overheads.

Capital Resources

The Corporation replaces its construction equipment over an extended period of time based on the specific requirements of contracts obtained. In certain situations, the Corporation will rent or lease rather than purchase equipment. Equipment purchased for certain long-term civil construction contracts may be funded by proceeds from mobilization advances received at the beginning of such contracts.

In view of the Corporation's good liquidity situation, capital resources are believed to be adequate to meet requirements for 1985.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which, in the case of the Corporation, are not materially different from those generally accepted in the United States. Because a precise determination of many assets and liabilities depends on future events, the preparation of financial statements for a period necessarily involves the use of estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Fiscal Year Change

On August 30, 1983, The Board of Directors changed the closing date of the fiscal year from March 31 to December 31. The accompanying consolidated financial statements cover the year ended December 31, 1984, the nine months ended December 31, 1983 and the year ended March 31, 1983. Comparative financial results for the years ended December 31, 1984, 1983 and 1982 are reported below:

		Unaudited Year Ended December 31,	
	1984	1983	1982
Revenue	**$106,233,000**	$116,722,000	$297,263,000
Net income (loss)	**$ 239,000**	$ (5,025,000)	$ 13,849,000
Income (loss) per share:			
Basic	**$ .05**	$ (1.00)	$ 3.07
Fully diluted	**$ .05**	$ (1.00)	$ 2.99

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries and its pro rata share of assets, liabilities, revenues and expenses of joint ventures. Note 1 to the financial statements summarizes the effect of the joint ventures on the consolidated financial statements.

Translation of Foreign Currencies

The accounts of the Corporation, its foreign subsidiaries and joint ventures stated in foreign currencies have been translated into Canadian dollars using:

- the fiscal year end exchange rates for monetary items which include cash, amounts receivable and payable, and long-term debt;
- exchange rates in effect at the time of the transaction for non-monetary assets, liabilities and deferred credits; and
- exchange rates prevailing during the period for revenues and expenses, except for depreciation which has been translated at rates pertaining to the related assets.

Commencing with the year ended December 31, 1984, significant foreign exchange gains or losses relating to long-term monetary items are deferred and amortized over the remaining life of the monetary item. All other foreign exchange gains and losses are included in income. In previous fiscal periods all foreign exchange gains and losses were included in income. This change was made to comply with new accounting pronouncements of the Canadian Institute of Chartered Accountants and has no material impact on the financial statements for the current period.

Accounting for Contracts

Income, from contracts which may extend up to five years, is determined on the percentage of completion basis except that income from contracts of a fixed price nature is not recognized until projects attain a stage of completion sufficient to reasonably determine the probable results. Provision is made for all anticipated losses as soon as they become evident. Claims for additional contract compensation are not recognized until resolved.

Unbilled revenues on contracts in progress are included in accounts receivable. Deferred contract costs represent the excess of costs incurred over the amount of billings less profits earned on uncompleted contracts. Unearned revenue and contract advances represent the excess of billings over the amount of costs incurred and profits earned on uncompleted contracts and payments received from clients in advance of the performance of the work. Provisions for anticipated losses on uncompleted contracts are deducted from related deferred contract costs with any excess being included in unearned revenue.

Where the Corporation incurs interest costs, interest on the net accumulated expenditures on long-term construction projects is capitalized as a deferred contract cost.

Provision for estimated major overhaul costs for equipment is charged to contract costs as the equipment is utilized.

Land Held for Resale

Land held for resale is valued at the lower of cost and estimated net realizable value.

Fixed Assets

Fixed assets are recorded at cost and are depreciated on the straight line method, after recognition of salvage values ranging up to 30%, over the useful lives of the assets which are estimated to be 10 to 20 years for buildings and 4 to 15 years for construction equipment.

When joint ventures are established to perform single contracts and equipment is acquired for use during the contract to be disposed of upon completion of the contract, the cost of such equipment, net of estimated salvage value, is treated as a contract cost. The original cost of this equipment less estimated salvage value is amortized and charged to contract costs based on the percentage-of-completion method, with the percentage being determined on the same basis as that for income recognition. The unamortized portion of such equipment cost is included in deferred contract costs. Equipment not disposed of upon completion of the contract is classified as equipment held for disposal and is carried at estimated net realizable value.

Excess of Cost Over Net Assets at Acquisition

Excess of cost over net assets at acquisition, which resulted from the 1969 purchase of the Banister pipeline operations, is not being amortized since the Corporation does not believe there is any diminution of value.

Income Taxes

Deferred income taxes result from timing differences between financial and tax reporting principally relating to recognition of construction revenues and accelerated depreciation. That portion of deferred income taxes which relates to amounts included in current assets and liabilities is shown as a current asset or current liability.

Unremitted earnings of the Corporation's foreign subsidiaries amounted to approximately $12,983,000 at December 31, 1984. Because the unremitted earnings can be repatriated on a tax free basis Canadian income taxes have not been provided for.

Retirement Plans

The Corporation and its subsidiaries maintain a retirement plan covering full-time employees. Pension expense is accrued and funded currently and includes current costs and, if applicable, amortization of unfunded past service costs.

Earnings (Loss) per Share

Basic earnings (loss) per share were computed by dividing net income (loss) by the weighted average number of common shares outstanding during each period.

Fully diluted earnings per share were determined on the assumption that convertible debt was converted at the beginning of the year and net income adjusted for the interest saving (net of tax).

Earnings (loss) per share computations have been made in accordance with generally accepted accounting principles applicable in Canada. The results of these computations for the year ended December 31, 1984, the nine months ended December 31, 1983 and for the year ended March 31, 1983 made on this basis are substantially the same as those which would have resulted had the computation been made in accordance with generally accepted accounting principles applicable in the United States.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

(Stated in Canadian Dollars)

	Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
Revenue:			
Construction and services	**$104,371,000**	$ 97,495,000	$255,698,000
Other income (Note 10)	**1,862,000**	2,450,000	3,160,000
	106,233,000	99,945,000	258,858,000
Expenses:			
Operating	**92,791,000**	98,689,000	234,408,000
Depreciation (Note 4)	**3,462,000**	2,992,000	4,110,000
Interest (Note 11)	**914,000**	99,000	668,000
Selling, administrative and general	**8,356,000**	6,710,000	10,772,000
	105,523,000	108,490,000	249,958,000
	710,000	(8,545,000)	8,900,000
Gain on joint venture interests disposed of in a prior year (Note 1)	**–**	–	490,000
Income (loss) before income taxes	**710,000**	(8,545,000)	9,390,000
Income taxes (recoverable) (Note 7)	**471,000**	(4,362,000)	5,332,000
Net income (loss)	**239,000**	(4,183,000)	4,058,000
Retained earnings, beginning of year	**4,094,000**	8,277,000	7,242,000
Dividends ($.60 per common share)	**–**	–	3,023,000
Retained earnings, end of year	**$ 4,333,000**	$ 4,094,000	$ 8,277,000
Earnings (loss) per share:			
Basic	**$ .05**	$ (.83)	$ .85
Fully diluted	**$ .05**	$ (.83)	$ .84

(See accompanying notes and summary of significant accounting policies)

CONSOLIDATED BALANCE SHEET

December 31, 1984 and 1983 (Stated in Canadian Dollars)

ASSETS	December 31, 1984	December 31, 1983
Current assets:		
Cash and short-term deposits (Note 2)	**$13,192,000**	$20,959,000
Receivables (Notes 3 and 5)	**23,807,000**	20,132,000
Recoverable income taxes	**–**	273,000
Deferred contract costs	**1,616,000**	1,289,000
Equipment held for disposal (Note 13(a))	**3,825,000**	–
Land held for resale	**2,625,000**	2,667,000
Other current assets	**2,370,000**	1,995,000
Total current assets	**47,435,000**	47,315,000
Fixed assets, less accumulated depreciation (Notes 4 and 5)	**32,326,000**	35,758,000
Other assets, at cost	**506,000**	671,000
Excess of cost over net assets at acquisition	**6,938,000**	6,938,000
	$87,205,000	$90,682,000

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank loans (Note 5)	**$ 2,025,000**	$ 5,280,000
Other advances (Note 6)	**18,735,000**	17,662,000
Accounts payable and accrued liabilities	**14,130,000**	16,470,000
Income taxes payable	**162,000**	177,000
Deferred income taxes	**3,323,000**	531,000
Unearned revenue and contract advances	**1,349,000**	782,000
Current portion of long-term debt (Note 8)	**307,000**	289,000
Total current liabilities	**40,031,000**	41,191,000
Long-term debt (Note 8)	**922,000**	1,157,000
Deferred income taxes	**4,057,000**	6,378,000
Contingencies (Note 13)		
Shareholders' equity (Note 9):		
Common shares without nominal or par value – 20,000,000 shares authorized 5,038,023 shares issued	**34,751,000**	34,751,000
Contributed surplus	**3,111,000**	3,111,000
Retained earnings	**4,333,000**	4,094,000
Total shareholders' equity	**42,195,000**	41,956,000
	$87,205,000	$90,682,000

On behalf of the Board:

R. K. F. Banister — **Director**

W. M. Balcom — **Director**

(See accompanying notes and summary of significant accounting policies)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(Stated in Canadian Dollars)

	Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
Working capital provided by:			
Operations:			
Net income	**$ 239,000**	$ –	$ 4,058,000
Add (deduct) non-working capital items:			
Depreciation	**3,462,000**	–	4,110,000
Deferred income taxes	**(2,321,000)**	–	2,463,000
Loss (gain) on sale of fixed assets	**3,000**	–	(144,000)
Unrealized currency translation losses	**73,000**	–	18,000
Total provided by operations	**1,456,000**	–	10,505,000
Proceeds from sale of fixed assets	**2,486,000**	2,847,000	1,852,000
Issuance of common shares	**–**	–	7,551,000
Other	**165,000**	136,000	–
	4,107,000	2,983,000	19,908,000
Working capital used for:			
Operations:			
Net loss	–	4,183,000	–
Add (deduct) non-working capital items:			
Depreciation	–	(2,992,000)	–
Deferred income taxes	–	77,000	–
Gain on sale of fixed assets	–	875,000	–
Unrealized currency translation losses	–	(14,000)	–
Total used for operations	–	2,129,000	–
Additions to fixed assets	**2,519,000**	2,410,000	3,054,000
Reduction in long-term debt	**308,000**	293,000	7,565,000
Dividends	**–**	–	3,023,000
Other	**–**	–	8,000
	2,827,000	4,832,000	13,650,000
Increase (decrease) in working capital	**$ 1,280,000**	$(1,849,000)	$ 6,258,000
Increase (decrease) in working capital by component:			
Cash and short-term deposits	**$(7,767,000)**	$(3,937,000)	$ 18,805,000
Receivables	**3,675,000**	2,444,000	(15,403,000)
Recoverable income taxes	**(273,000)**	273,000	(368,000)
Deferred contract costs	**327,000**	(2,290,000)	(15,320,000)
Equipment held for disposal	**3,825,000**	–	–
Land held for resale	**(42,000)**	682,000	641,000
Other current assets	**375,000**	(855,000)	40,000
Bank loans	**3,255,000**	(1,946,000)	13,188,000
Other advances	**(1,073,000)**	(7,162,000)	(10,500,000)
Accounts payable and accrued liabilities	**2,340,000**	1,605,000	1,491,000
Income taxes payable	**15,000**	865,000	(1,042,000)
Deferred income taxes	**(2,792,000)**	3,839,000	(1,912,000)
Unearned revenue and contract advances	**(567,000)**	4,635,000	9,569,000
Current portion of long-term debt	**(18,000)**	(2,000)	7,069,000
Increase (decrease) in working capital	**$ 1,280,000**	$(1,849,000)	$ 6,258,000

(See accompanying notes and summary of significant accounting policies)

December 31, 1984 and 1983 and March 31, 1983 (Stated in Canadian Dollars)

NOTE 1. JOINT VENTURES

The Corporation has investments in and advances to joint ventures and has participated in these joint ventures in an effort to spread present day business risks and to make available to the Corporation increased capital and technological resources.

In 1978, a subsidiary company sold its 50 percent interest in joint ventures to its joint venture partner for an amount subject to adjustment upon final determination of certain assets and liabilities of the joint ventures. Recognition of the results of the sale in the statement of income was deferred until final settlement could be determined. Final determination of the more significant assets and liabilities of these joint venture interests has been made with the result that the Corporation recognized a gain of $490,000 for the year ended March 31, 1983.

The Corporation's pro rata share of the joint venture operations included in the consolidated financial statements is summarized below.

Statement of Income

	Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
Revenue	**$ 25,417,000**	$ 39,452,000	$ 68,421,000
Operating expenses	**25,631,000**	50,783,000	85,289,000
Loss before income taxes	**(214,000)**	(11,331,000)	(16,868,000)
Income taxes	**—**	—	—
Net loss	**$ (214,000)**	$(11,331,000)	$(16,868,000)

Balance Sheet

	December 31, 1984	December 31, 1983
Assets:		
Current assets	**$ 11,642,000**	$ 4,364,000
Liabilities and owner's deficiency:		
Current liabilities	**$ 28,981,000**	$ 32,410,000
Owner's deficiency	**(17,339,000)**	(28,046,000)
	$ 11,642,000	$ 4,364,000

Statement of Changes in Financial Position

	Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
Working capital provided by:			
Advances from joint venturers	**$11,228,000**	$ 6,226,000	$ 3,632,000
	11,228,000	6,226,000	3,632,000
Working capital used for:			
Operations	**214,000**	11,331,000	16,868,000
Return of equity to joint venturers	**307,000**	125,000	5,182,000
	521,000	11,456,000	22,050,000
Increase (decrease) in working capital	**$10,707,000**	$ (5,230,000)	$(18,418,000)

Notes:

(a) Transactions between the joint ventures and the Corporation have been eliminated in the consolidated financial statements including equipment rentals charged by the Corporation amounting to $804,000 for the year ended December 31, 1984, $143,000 for the nine months ended December 31, 1983 and $510,000 for the year ended March 31, 1983.

(b) Income taxes applicable to the income or losses of unincorporated joint ventures are not provided in the ventures' accounts but are provided, to the extent of the Corporation's share, in its consolidated statement of income.

NOTE 2. CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits are made up of:

	December 31,	
	1984	1983
Cash on hand and in bank (overdraft)	**$ (418,000)**	$ 333,000
Short-term deposits	**13,610,000**	20,626,000
	$13,192,000	$20,959,000

Cash and short-term deposits include collateral deposits amounting to $1,347,000 and $500,000 at December 31, 1984 and 1983 respectively securing bank letters of credit issued to third parties.

NOTE 3. RECEIVABLES

Receivables include holdbacks receivable amounting to $7,960,000 at December 31, 1984 and $8,447,000 at December 31, 1983. Included in receivables at December 31, 1984 are unbilled revenues amounting to $1,755,000.

The balances billed but not paid by customers pursuant to retainage provisions in construction contracts will be due upon completion and acceptance of the contract. Based on the Corporation's experience with similar contracts in recent years $7,771,000 of the balance at December 31, 1984 is expected to be collected in the year ending December 31, 1985 and the remainder in subsequent years.

NOTE 4. FIXED ASSETS

The cost and net book value of fixed assets (in thousands) are as follows:

	Cost		Net Book Value	
	December 31,		December 31,	
	1984	1983	**1984**	1983
Land and buildings	**$ 6,539**	$ 6,262	**$ 5,305**	$ 5,194
Construction equipment	**57,803**	64,114	**26,662**	30,123
Other	**1,246**	1,188	**359**	441
	$65,588	$71,564	**$32,326**	$35,758

NOTE 5. BANK LOANS

The Corporation has an operating line of credit of $37,088,000 of which $11,666,000 was unused at December 31, 1984 and an unused $6,000,000 revolving term line which reduces at $2,000,000 per year on April 1. Used operating lines of credit, amounting to $25,422,000, include bank loans of $2,025,000 and $23,397,000 for letters of credit which principally relate to non-bank indebtedness of a joint venture. As collateral security the Corporation has given an assignment of accounts receivable and a $35,000,000 debenture providing a fixed and specific mortgage on all land, buildings, and major marine equipment and a floating charge covering all other assets.

NOTE 6. OTHER ADVANCES

Other advances comprise the Corporation's $18,735,000 share of indebtedness of a joint venture, payable on demand and on or before August 31, 1985, with interest payable at bank prime plus 1½%. The indebtedness and interest obligation is secured by bank letters of credit issued in favour of the creditor. The bank letters of credit, which bear interest averaging 1¼%, are secured by a floating charge debenture on joint venture assets, the collateral security granted by the Corporation referred to in Note 5 and a cash collateral account containing salvage proceeds from the sale of major items of equipment.

NOTE 7. INCOME TAXES

The Canadian and foreign components of the income (loss) before income taxes are as follows:

	Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
Canadian	**$1,062,000**	$(8,425,000)	$9,927,000
Foreign	**(352,000)**	(120,000)	(537,000)
	$ 710,000	$(8,545,000)	$9,390,000

The current and deferred components of the provision for income taxes are as follows:

	Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
Current:			
Canadian – Federal	**$ –**	$ –	$ 666,000
– Provincial	**–**	–	259,000
Foreign	**–**	61,000	32,000
	–	61,000	957,000
Deferred:			
Canadian – Federal	**336,000**	(3,221,000)	3,238,000
– Provincial	**135,000**	(1,202,000)	1,137,000
	471,000	(4,423,000)	4,375,000
Income taxes (recoverable)	**$ 471,000**	$(4,362,000)	$5,332,000

The following is a reconciliation between the normal Canadian federal statutory tax rate and the consolidated effective tax rate:

	Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
Canadian federal income tax rate	**46.0 %**	(46.9)%	47.8%
Expenses (income) not included for income tax purposes	**(.2)**	2.4	3.3
Operating losses for which no tax recoveries are currently available	**20.8**	1.3	3.1
Tax rate differential relating to the use of losses or tax loss carrybacks	**(1.2)**	(1.1)	–
Tax exempt portion of capital gain	**(7.9)**	(0.8)	–
Other including provincial rate differentials	**8.8**	(5.9)	2.6
Consolidated effective tax rate	**66.3 %**	(51.0)%	56.8%

NOTE 7. INCOME TAXES (continued)

Deferred income tax expense (recovery) results from timing differences in the recognition of revenue and expense for tax and financial statement purposes. The source of these differences and the income tax effect of each was as follows:

	Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
		(thousands of dollars)	
Depreciation:			
Differences between tax and book depreciation	**$(1,375)**	$ (930)	$ (603)
Long-term contracts including joint ventures:			
Use of percentage completion for financial purposes and use of billings less costs excluding contractual holdbacks for tax purposes	**1,657**	(892)	(8,298)
Loss provisions charged to expense for financial purposes but not deductible until incurred	**–**	(6,109)	–
Deductible losses in excess of amounts charged to expense	**4,690**	–	284
Reserve for equipment overhauls:			
Charged to expense for financial purposes but not deductible until paid	**177**	(216)	168
Capitalized interest:			
Capitalized for financial purposes but deducted for tax purposes as incurred	**–**	–	344
Loss carry-forwards:			
Benefits recognized for tax purposes which were previously recognized for financial purposes	**–**	4,385	12,513
Benefits recognized for financial purposes but not for tax purposes	**(4,286)**	–	–
Other:			
Expenses accrued or deferred for financial purposes, deducted for tax purposes as paid	**(392)**	(661)	(33)
Deferred income tax expense (recovery)	**$ 471**	$(4,423)	$ 4,375

Certain United States subsidiaries have operating loss carryforwards for tax purposes, for which no accounting tax benefit has been recognized, of approximately $17,210,000 (U.S. $13,024,000) available to reduce future years' taxable income and which expire as follows: $15,154,000 – 1996; $1,026,000 – 1998; $1,030,000 – 1999.

The Corporation's United States subsidiaries have investment tax credit carryovers of approximately $181,000 (U.S. $137,000) available to reduce future U.S. Federal income taxes and expire between 1992 and 1994.

NOTE 8. LONG-TERM DEBT

	December 31, 1984	December 31, 1983
5½% U.S. dollar convertible subordinated debenture (U.S. $930,000 at December 31, 1984; U.S. $1,162,500 at December 31, 1983) payable to a company controlled by a director of the Corporation, repayable in equal annual instalments of U.S. $232,500 maturing December 31, 1988 convertible at the holder's option at U.S. $10.91 per share into 85,243 (106,554 at December 31, 1983) shares of common stock	**$1,229,000**	$1,446,000
Less amount due within one year	**307,000**	289,000
	$ 922,000	$1,157,000

The principal repayments of long-term debt are as follows:

1985 – $307,000; 1986 – $307,000;
1987 – $307,000; 1988 – $308,000.

NOTE 9. COMMON SHARES

During the year ended March 31, 1983, 1,000,000 common shares of the Corporation were issued to Trimac Limited for a cash consideration of $7,500,000 and 10,000 common shares were issued to an officer of the Corporation for $50,625.

NOTE 10. OTHER INCOME

Other income consists of:

	Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
Interest	**$1,776,000**	$1,291,000	$1,166,000
Pension plan surplus refund (Note 12)	**–**	–	1,757,000
Gain (loss) on sale of fixed assets	**(3,000)**	875,000	144,000
Foreign exchange losses	**(25,000)**	(22,000)	(118,000)
Other	**114,000**	306,000	211,000
	$1,862,000	$2,450,000	$3,160,000

NOTE 11. INTEREST CAPITALIZED

Total interest cost incurred amounted to $914,000 for the year ended December 31, 1984, $99,000 for the nine months ended December 31, 1983 and $1,369,000 for the year ended March 31, 1983. Interest capitalized on long-term construction projects and included in the loss provision for these projects amounted to $701,000 for the year ended March 31, 1983. No interest was capitalized for the year ended December 31, 1984 and the nine months ended December 31, 1983.

NOTE 12. RETIREMENT PLANS

The cost of the Corporation's retirement plan was approximately $902,000 for the year ended December 31, 1984, $718,000 for the nine months ended December 31, 1983 and $826,000 for the year ended March 31, 1983.

Based on the most recent actuarial reviews, the plan assets available for benefits and the present value of pension plan benefits at December 31, 1984 and 1983 were as follows:

	1984	1983
Plan assets available for benefits	**$12,125,000**	$10,311,000
Present value of pension plan benefits – vested	**9,535,000**	8,482,000
– nonvested	**750,000**	627,000
	10,285,000	9,109,000
Plan surplus at valuation date	**$ 1,840,000**	$ 1,202,000

The assumed rate of return used in determining the present value of pension plan benefits is 5% per annum at December 31, 1984 (6% per annum at December 31, 1983).

During the year ended March 31, 1983, the Corporation terminated the retirement plans of subsidiary companies and established a new plan. Consequently a portion of the plan surplus amounting to $1,757,000, resulting primarily from employee retirements and terminations in connection with relocation of a division's offices, was paid to the Corporation with the approval of Government regulatory authorities. This amount is included in other income for the year ended March 31, 1983.

NOTE 13. CONTINGENCIES

(a) The Corporation has a 50% interest in Dalcan Constructors, a joint venture established to carry out the Revelstoke Dam project which was substantially completed in 1984. Up to December 31, 1984 the Corporation recorded a loss on the project of $47,812,000 ($23,383,000 net of tax). A loss of $49,400,000 ($24,177,000 net of tax) was provided for in prior fiscal years and in the current year a reduction of $1,588,000 in the loss provision ($794,000 net of tax) was reflected in the Corporation's financial statements. The decrease in the loss provision is a result of lower than anticipated operating costs during this period, resolutions of some minor claims with the owner and a further assessment of the costs to close down the contract.

The Corporation is jointly and severally liable for the obligations of its joint venture partners in all respects of the Revelstoke Dam project relating to the owner. A joint venture partner with a 15% interest in Dalcan Constructors has not fully complied with financial commitments required of the partners. Due to the continuing inability of this partner to meet its commitments, the additional loss of $2,062,000 ($1,012,000 net of tax) that could be incurred by the Corporation has been provided for and included in the loss recorded on the project referred to in the preceding paragraph.

In arriving at the projected contract loss, no recognition has been given to claims submitted to the owner for additional contract compensation, relating to substantial extra costs, aggregating approximately $110,000,000 ($57,000,000 Corporation's share), as such claims have not been resolved. These claims are being negotiated with the owner and non-binding mediation has been commenced to facilitate settlement where agreement cannot be reached with the owner. The joint venture has agreed not to commence legal action with respect to these claims until the earlier of repayment of certain indebtedness to the owner or August 31, 1985. In accordance with the Corporation's accounting policies, recovery in respect of claims will only be recognized as claims are resolved.

NOTE 13. CONTINGENCIES (continued)

Contract costs have been reduced by the estimated proceeds to be received from the sale of equipment which was not disposed of upon completion of the contract. The estimated realizable value of these assets is $7,650,000 ($3,825,000 Corporation's share); however, it is uncertain when they will be sold and what the final proceeds will be.

The final outcome of this contract cannot be determined until the resolution of all claims and the disposition of the remaining equipment.

(b) During fiscal 1981, Banister Pipelines America, a division of the Corporation's U.S. subsidiary, was awarded contracts by Northwest Pipeline Corporation to construct approximately 110 miles of pipeline in the State of Oregon. The job was substantially complete in fiscal 1981 and legal action against the client was commenced on June 24, 1981 to recover approximately U.S. $30 million for additional expenses incurred, lost profits, damages, and interest thereon. The trial commenced on November 15, 1982 and on February 13, 1983 Banister Pipelines America obtained a jury award of U.S. $12,842,662.38 against Northwest Pipeline Corporation. On April 12, 1983, the Court denied Northwest Pipeline Corporation's motions for mistrial and reversal of the jury verdict. On October 18, 1983, Northwest Pipeline Corporation filed an appeal of the verdict to the Court of Appeals of the State of Oregon. The Corporation filed a response and cross appeal of the verdict on December 20, 1983, seeking to increase the award to approximately U.S. $16.7 million, being the amount originally determined by the jury and reduced by the trial judge. The argument on appeal was heard on May 4, 1984. The courts have not ruled on the appeal at this time. Interest on the amount of the ultimate judgement will accrue at 9% per annum from February 13, 1983. In accordance with the Corporation's accounting policies, no recovery will be reflected in the Corporation's financial statements until the matter is resolved. Federal U.S. taxes will not be payable on any such recovery to the extent that tax loss carryforwards and investment tax credits, referred to in Note 7, can be utilized.

(c) The Corporation is involved in other claims and litigation primarily arising in the normal course of its business for the reimbursement of costs of additional work and of additional costs incurred because of changed conditions. Any settlements or awards will be reflected in income as the matters are resolved.

(d) The Corporation is contingently liable for the usual contractor's obligations relating to performance and completion of construction contracts and for the obligations of its associates in unincorporated joint ventures.

NOTE 14. TRIMAC AGREEMENT

The Corporation entered into an agreement with Trimac Limited in 1982 for the sale of 1,000,000 common shares to Trimac Limited at a price of $7.50 per share. The agreement, amongst other matters, provided that until December 31, 1985,

(a) The Corporation is prohibited from issuing any common shares, other than pursuant to existing agreements, except that shares may be issued for cash in a rights offering to all shareholders or if Trimac is given a right of first refusal with respect thereto; and

(b) Trimac and a director of the Corporation and a company he controls (the "Banister Group") are prohibited, without the consent of the other, from disposing of any of the Corporation's common shares except through a bona fide underwritten public offering; and

(c) Trimac and the Banister Group are prohibited, without the consent of the other, from acquiring any of the Corporation's common shares; and

(d) At each meeting of shareholders at which directors are elected, the Board of Directors shall nominate for election as directors of the Corporation a slate the election of which will ensure that the Board will consist of two persons designated by Trimac, two persons designated by the Banister Group representative, such additional persons who were directors of the Corporation immediately prior to the execution of the above agreement and such other persons as mutually satisfactory to Trimac and the Banister Group. Each member of the Banister Group and Trimac Group shall vote its/his common shares for the nominees recommended by the Board.

If an unaffiliated person acquires or announces that he intends to acquire at least 15% of the Corporation's common shares, the prohibition in (a) and the requirement in (d) above is extended to December 31, 1986, and the prohibition in (c) above is terminated.

NOTE 15. BUSINESS SEGMENTS

The Corporation operates in three industry segments: pipeline construction, civil engineering construction, and underground utilities construction.

Pipeline construction includes the construction, upgrading and testing of pipelines, gathering systems and distribution systems for the oil and gas industry. Since March 31, 1981, major pipeline construction activities have taken place only in Canada. During prior years, pipeline construction was active in Canada, the United States, and the Middle East.

Through its Pitts Engineering Construction division, the Corporation engages in civil engineering construction primarily for governments at all levels. Pitts does both dryland and marine work, specializing in the construction of large scale energy developments, multilane highways, bridges, dams and tunnels and marine construction. To date, all civil engineering construction has been carried out in Canada.

Industry Segments (in thousands)

	Pipeline Construction		
	Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
Revenue from outside sources	**$ 27,487**	$ 11,100	$109,636
Segment operating profit (loss)	**$ 1,048**	$ 3,011	$ 22,264
Interest expense			
Gain on disposal of joint venture operations			
Income taxes (provided) recoverable			
Net income (loss)			
Identifiable assets	**$ 28,795**	$ 41,828	$ 47,114
Capital expenditures	**$ 375**	$ 793	$ 619
Depreciation and amortization	**$ 1,133**	$ 1,027	$ 1,371

Geographic Segments (in thousands)

Revenue from outside sources			
Segment operating profit (loss)			
Interest expense			
Gain on disposal of joint venture operations			
Income taxes (provided) recoverable			
Net income (loss)			
Indentifiable assets			

Underground utilities construction operations are conducted by Cliffside Pipelayers, a division of the Corporation. Cliffside's work consists of the construction of all types of public utility systems in Metropolitan Toronto and throughout Ontario.

For the year ended December 31, 1984, pipeline operations derived $19,207,000 of revenue from one client and utilities construction derived $14,208,000 of revenue from another client, each representing more than 10% of total revenue. During the same fiscal period, civil construction activities derived $34,198,000 and utilities construction activities derived $5,226,000 of revenue from governments and government agencies in Canada.

During the nine months ended December 31, 1983, civil construction activities derived $63,222,000 of revenue from government agencies in Canada.

During the year ended March 31, 1983, civil construction activities derived $103,687,000 of revenue from government agencies in Canada. During the same period, pipeline operations derived $94,485,000 of revenue on two contracts for one client which accounted for more than ten percent of consolidated revenue.

Civil Engineering Construction			Utility Construction			Consolidated		
Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983	**Year Ended December 31, 1984**	Nine Months Ended December 31, 1983	Year Ended March 31, 1983	**Year Ended December 31, 1984**	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
$ 36,692	$ 63,553	$117,022	$ 42,054	$ 25,292	$ 32,200	$106,233	$ 99,945	$258,858
$ (2,617)	$ (12,532)	$ (13,857)	$ 3,193	$ 1,075	$ 1,161	$ 1,624	$ (8,446)	$ 9,568
						(914)	(99)	(668)
						—	—	490
						(471)	4,362	(5,332)
						$ 239	$ (4,183)	$ 4,058
$ 32,581	$ 32,489	$ 34,224	$ 25,829	$ 16,365	$ 15,716	$ 87,205	$ 90,682	$ 97,054
$ 536	$ 59	$ 912	$ 1,608	$ 1,558	$ 1,523	$ 2,519	$ 2,410	$ 3,054
$ 1,371	$ 1,234	$ 1,888	$ 958	$ 731	$ 851	$ 3,462	$ 2,992	$ 4,110

Domestic			Foreign			Consolidated		
Year Ended December 31, 1984	Nine Months Ended December 31, 1983	Year Ended March 31, 1983	**Year Ended December 31, 1984**	Nine Months Ended December 31, 1983	Year Ended March 31, 1983	**Year Ended December 31, 1984**	Nine Months Ended December 31, 1983	Year Ended March 31, 1983
$106,346	$ 99,602	$258,402	$ (113)	$ 343	$ 456	$106,233	$ 99,945	$258,858
$ 1,955	$ (8,326)	$ 10,595	$ (331)	$ (120)	$ (1,027)	$ 1,624	$ (8,446)	$ 9,568
						(914)	(99)	(668)
						—	—	490
						(471)	4,362	(5,332)
						$ 239	$ (4,183)	$ 4,058
$ 87,073	$ 90,034	$ 96,102	$ 132	$ 648	$ 952	$ 87,205	$ 90,682	$ 97,054

AUDITORS' REPORT

To the Shareholders
Banister Continental Ltd.:

We have examined the accompanying consolidated balance sheet of Banister Continental Ltd. as at December 31, 1984 and the consolidated statements of income and retained earnings and changes in financial position for the year ended December 31, 1984, the nine months ended December 31, 1983 and the year ended March 31, 1983. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1984 and December 31, 1983 and the results of its operations and changes in its financial position for the year ended December 31, 1984, the nine months ended December 31, 1983 and the year ended March 31, 1983 in accordance with accounting principles generally accepted in Canada applied on a consistent basis during the period.

Arthur Young, Clarkson, Gordon & Co.

Chartered Accountants
Edmonton, Canada
February 26, 1985

COMMENT ON DIFFERENCES IN CANADA-UNITED STATES REPORTING STANDARDS

In the United States, reporting standards for auditors require the expression of an opinion qualified as being subject to the outcome of significant uncertainties affecting the financial statements such as those referred to in the accompanying balance sheet as at December 31, 1984 and as described in Notes 13(a) and (b) to the financial statements. The above opinion is expressed in accordance with Canadian standards and is not qualified with respect to, and provides no reference to, these uncertainties since such an opinion would not be in accordance with Canadian reporting standards for auditors when the uncertainties are adequately disclosed in the financial statements.

Arthur Young, Clarkson, Gordon & Co.

Chartered Accountants
Edmonton, Canada
February 26, 1985

MARKET FOR COMMON SHARES

The common shares of Banister Continental Ltd. are traded on the American Stock Exchange in the United States and the Toronto, Montreal, and Alberta Stock Exchanges in Canada. Following is a schedule of high and low share prices, by quarter, for the years ended December 31, 1984, and December 31, 1983 on the Toronto Stock Exchange and the American Stock Exchange.

a) on the Toronto Stock Exchange (in Canadian $)

	Fiscal Year Ending December 31, 1984		12 Months Ending December 31, 1983	
Quarter ended:	**High**	**Low**	High	Low
March 31	$6\frac{3}{4}$	6	$10\frac{1}{2}$	8
June 30	$8\frac{1}{8}$	$5\frac{3}{4}$	$9\frac{7}{8}$	8
September 30	$8\frac{7}{8}$	$7\frac{1}{2}$	$8\frac{3}{4}$	7
December 31	$8\frac{1}{2}$	$6\frac{5}{8}$	9	6

b) on the American Stock Exchange (in U.S. $)

	Fiscal Year Ending December 31, 1984		12 Months Ending December 31, 1983	
Quarter ended:	**High**	**Low**	High	Low
March 31	$5\frac{3}{8}$	$4\frac{3}{4}$	$8\frac{5}{8}$	$6\frac{3}{8}$
June 30	$6\frac{1}{4}$	$4\frac{5}{8}$	$7\frac{7}{8}$	$6\frac{1}{2}$
September 30	$6\frac{7}{8}$	$5\frac{3}{4}$	$7\frac{1}{4}$	$5\frac{5}{8}$
December 31	$6\frac{5}{8}$	$4\frac{3}{4}$	$7\frac{1}{4}$	$4\frac{7}{8}$

As of December 31, 1984 there were 2,275 holders of record of the Corporation's shares, as shown on the records maintained by the Corporation's Registrar and Transfer Agent.

No dividends were declared during the year ended December 31, 1984 nor during the nine months ended December 31, 1983. A special non-recurring dividend of 60 cents Canadian per common share was declared in the fourth quarter of the fiscal year ended March 31, 1983.

The Foreign Investment Review Act of Canada contains restrictions on the acquisition of control of the Corporation by persons who are not Canadian citizens or by non-eligible persons or groups, as defined therein.

Pursuant to the Income Tax Act of Canada, non-resident shareholders are subject to a 25% withholding tax on any dividend paid by the Corporation. As a result of tax conventions with the United States of America and certain other countries, the rate of withholding tax for residents of the United States and such other countries is reduced to 15%.

SELECTED FINANCIAL DATA

(Stated in Canadian Dollars Except for Exchange Rates)

	For the Year Ended December 31,	For the Nine * Months Ended December 31,	For the Year Ended March 31,		
	1984	1983	1983	1982	1981
Revenue	**$106,233,000**	$ 99,945,000	$258,858,000	$217,363,000	$146,476,000
Net income (loss)	**$ 239,000**	$ (4,183,000)	$ 4,058,000	$ 4,660,000	$ (14,537,000)
Income (loss) from continuing operations before extraordinary item	**$ 239,000**	$ (4,183,000)	$ 4,058,000	$ 39,000	$ (14,725,000)
Earnings (loss) from continuing operations before extraordinary item per common share:					
Basic	**$ .05**	$ (.83)	$ .85	$ .01	$ (3.67)
Fully diluted	**$ .05**	$ (.83)	$ .84	$ .01	$ (3.67)
Total assets	**$ 87,205,000**	$ 90,682,000	$ 97,054,000	$111,415,000	$131,439,000
Long-term debt	**$ 922,000**	$ 1,157,000	$ 1,435,000	$ 8,982,000	$ 11,503,000
Shareholders' equity	**$ 42,195,000**	$ 41,956,000	$ 46,139,000	$ 37,553,000	$ 32,893,000
Cash dividends declared per common share	**$ –**	$ –	$ .60	$ –	$ –
Weighted average number of common shares	**5,038,023**	5,038,023	4,767,000	4,028,000	4,014,000
Exchange rates (U.S. Dollar equivalent of $1 Canadian):					
End of period rate	**$ .7568**	$ .8036	$ .8104	$ .8171	$ .8426
Average rate for period	**$ .7725**	$ .8104	$ .8076	$ .8317	$ .8501
High rate for period	**$ .8024**	$ .8162	$ .8189	$ .8487	$ .8730
Low rate for period	**$ .7518**	$ .8001	$ .7726	$ .8056	$ .8305

Note:

Earnings (loss) per share for the five fiscal periods are computed as stated in the summary of significant accounting policies. Earnings (loss) per share so computed are in accordance with generally accepted accounting principles applicable in Canada and are substantially the same as those which would have resulted had the computation been made in accordance with the principles applicable in the United States.

* On August 30, 1983, the Board of Directors changed the closing date of the fiscal year from March 31 to December 31. Reference is made to the Corporation's summary of significant accounting policies for a description of the comparative financial results for the years ended December 31, 1984, 1983 and 1982.

CORPORATE INFORMATION

Board of Directors

R.K. Banister
Chairman and Chief Executive Officer
Banister Continental Ltd.

H.B. Banister
Vice President, Planning, Equipment, and Business Development
Banister Continental Ltd.

W.M. Bateman
President and Chief Operating Officer
Banister Continental Ltd.

R. Bernstein **
Partner
Bear, Stearns & Co.

N. Fraser **
Vice President
Dominion Securities Pitfield Limited

J.R. McCaig *
Chairman and Chief Executive Officer
Trimac Limited

S.A. Milner *
President and Chief Executive Officer
Chieftain Development Co. Ltd.

A.M. Shoults *
Chairman
CHQT Broadcasting Ltd.

G.A. Van Wielingen **
Chairman and Chief Executive Officer
Sulpetro Limited

A. Vanden Brink
President and Chief Operating Officer
Trimac Limited

* Members of the Audit Committee
** Members of the Compensation Committee

Registrar and Transfer Agents

Guaranty Trust Company of Canada
401 - 9 Avenue S.W.
Calgary, Alberta T2P 3C5

88 University Avenue
Toronto, Ontario M5J 1T8

427 St. James Street West
Montreal, Quebec J8X 2K1

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Common Stock Listed on

Alberta Stock Exchange
Montreal Stock Exchange
Toronto Stock Exchange
American Stock Exchange
Stock symbols are BAC (ASE, TSE, MSE) and BAN (AMEX)

Officers

R.K. Banister
Chairman and Chief Executive Officer
37 years service

W.M. Bateman
President and Chief Operating Officer
26 years service

R. MacTavish
Executive Vice President and Chief Financial Officer
4 years service

E.R. Austin
Group Vice President, Utilities
22 years service

J.J.F. Loewen
Group Vice President, Civil Construction
appointed March 27, 1985

R.F.C. Marriott
Group Vice President, Pipelines
11 years service

H.B. Banister
Vice President, Planning, Equipment, and Business Development
10 years service

C.N. D'Croix
Vice President, Administration, Utilities
11 years service

D. Flynn
Vice President, Labour Relations
15 years service

J. Lech
Vice President and Controller
5 years service

J.W. Wright
Vice President, Administration and Treasurer
18 years service

F.A.M. Tremayne
Secretary and General Counsel
11 years service

Banks

Royal Bank of Canada
First National Bank of Chicago

Bonding Company

Seaboard Surety Company

Auditors

Arthur Young, Clarkson, Gordon & Co.

Executive Offices

Banister Continental Ltd.
9910 - 39 Avenue
Edmonton, Alberta T6E 5H8
Phone: (403) 462-9430
Telex: 037-2380

Divisions

Banister Pipelines
9910 - 39 Avenue
Edmonton, Alberta T6E 5H8
Phone: (403) 462-9430
Telex: 037-2380

Pitts Engineering Construction
9910 - 39 Avenue
Edmonton, Alberta T6E 5H8
Phone: (403) 462-9430
Telex: 037-2380

Pitts Engineering Construction (Eastern Division)
Suite 300, 7500 Woodbine Avenue
Markham, Ontario L3R 4M8
Phone: (416) 474-0404
Telex: 06-986236

Cliffside Pipelayers
3660 Midland Avenue
Scarborough, Ontario M1S 3B2
Phone: (416) 293-7004
Telex: 065-25276

Banister Equipment Inc.
9910 - 39 Avenue
Edmonton, Alberta T6E 5H8
Phone: (403) 462-9430
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Affiliates

Bantrel Group Engineers Ltd.
20th Floor, Trimac House
800 - 5 Avenue S.W.
Calgary, Alberta T2P 2P9
Phone: (403) 298-5330
Telex: 038-22653/038-25633

Annual Meeting

The annual meeting of shareholders of Banister Continental Ltd. will be held in the Rowand Room of the Four Seasons Hotel, 10235 - 101 Street, Edmonton, Alberta at 2:30 p.m. on May 29, 1985.

Banister
Construction Group

"Building Strength"